

VZCZCXRO4572
PP RUEHPA
DE RUEHAB #1110/01 3041811
ZNY CCCCC ZZH
P 311811Z OCT 07
FM AMEMBASSY ABIDJAN
TO RUEHC/SECSTATE WASHDC PRIORITY 3696
INFO RUEHZK/ECOWAS COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 03 ABIDJAN 001110

SIPDIS

SIPDIS

DEPUTY SECRETARY NEGROPONTE
AF/AS FRAZER

E.O. 12958: DECL: 10/31/2017
TAGS: PGOV PREL IV
SUBJECT: COTE D'IVOIRE SCENESETTER FOR D VISIT

Classified By: AMB WNESBITT, REASONS 1.4 (b, d)

Overview

¶1. (C) Embassy Abidjan warmly welcomes your visit to Cote d'Ivoire. You will be the highest ranking USG official to visit Abidjan since 2005 when AF Assistant Secretary Connie Newman visited to discuss the peace process. We believe your visit will be viewed as a sign of increased USG interest in, and perhaps concern about, Cote d'Ivoire. It will be an excellent opportunity for the U.S. to reiterate our desire to see Cote d'Ivoire be a peaceful, prosperous, well-governed nation that can be a positive force in the region and an effective partner in deterring threats such as terrorism and drug trafficking. Ivorians remember fondly the days when their nation was a guiding light in the region and most long for a return to Abidjan's golden era. To move forward, however, the country must overcome the stalemate of the last five years.

¶2. (C) The overall security situation has improved since the signing of the Ouagadougou Political Agreement (OPA) but there is still widespread uncertainty about the future. Reportedly the result of direct negotiations between the government and rebel forces, the OPA was facilitated by President Blaise Compaore of Burkina Faso and signed by Cote d'Ivoire's two primary protagonists (President Gbagbo and now Prime Minister Soro) in March 2007. It is a viable roadmap for the country's emergence from the political crisis but the pace of implementation has been slow and disappointing. We hope that your visit will help to shore up the government's commitment to following through on implementation despite opposition from radical elements in each of the respective camps. The USG is very positively viewed in Cote d'Ivoire and your public statements will have great influence. In a poll taken within the last 12 months, the U.S. was favorably viewed by 88 percent of Ivorians.

Nationality Issue is Key

¶3. (C) The question of nationality or "Ivoirite", is at the heart of the stalemate. A substantial number of individuals (estimates range from 300,000 to 3 million) are currently undocumented as Ivorians and are thus unable to participate fully in Ivorian society where the possession of a national ID card governs a broad swath of activities, including eligibility to vote and to own land for agricultural cultivation. A majority of those who are undocumented have family ties to Burkina Faso and were initially welcomed into the northern region of Cote d'Ivoire as much-needed laborers in the cocoa sector. Cote d'Ivoire's founding father and first president Houphouet-Boigny took a very liberal approach to integrating this group into Ivorian society; his successors (Bedie and Guei) actively promoted a more restrictive approach, including changes to the constitution

that emphasized the national divisions between north and south, and between Christian and Muslim. The 2002 coup attempt which quickly evolved into an armed rebellion that split the country in two underscored the depth of emotion attached to this question. Reunification of the country and the restoration of government authority throughout the national territory will be difficult to achieve unless the issue of nationality is dealt with in a manner acceptable to both sides.

¶4. (C) The "audiences foraines" or public tribunals called for in the Ouagadougou Political Agreement (and several previous peace agreements) are intended to facilitate voter registration and the eventual issuance of ID-cards to those who qualify by providing numerous fora at which persons whose births were never registered are issued birth documentation (*jugements suppletifs*). While there are many legitimate administrative difficulties associated with carrying out the audiences foraines, Embassy Abidjan's larger concern is that President Gbagbo has yet to demonstrate a firm commitment to the success of the audiences foraines. In both 2005 and 2006 then Prime Minister Banny took very serious and successful steps to get the process underway. Radical and sometimes violent supporters of the President succeeded each time, however, in derailing the audiences foraines and stalling the overall peace process. The political stakes are much higher for PM Soro as it is his constituency in the North that will benefit primarily from these courts.

National Issue Link to Next Presidential Election

¶5. (C) So far this year, the government has taken steps to facilitate the return of administrative personnel, especially judges, to the north and Prime Minister Soro has been visibly engaged in efforts to ensure that these personnel will have

ABIDJAN 00001110 002 OF 003

the housing, security, and wherewithal they need to operate effectively. As of October 15, 2007, however, only 25 of 65 audiences foraines sites were operational and the OPA states that the audiences will be in operation for three months. This time could easily be extended should both sides agree but the slow pace of implementation causes many in the north to question the government's sincerity. The Forces Nouvelles (New Forces) who maintain de-facto control of the north, have stated repeatedly that they will not disarm until the question of nationality is satisfactorily addressed; it is unlikely they will accept a deeply flawed process. DDR is effectively on hold for this and other reasons.

¶6. (C) Many of those opposed to the audiences foraines fear the impact on anticipated national elections of adding a significant number of new voters in the north, as well as the longer term economic implications. Cote d' Ivoire's electorate (there are 60 different ethnic groups in CdI's population of 18.7 million) currently breaks down into three broad groups; no single party or individual can credibly claim majority support. There is a very strong consensus that a new presidential election is a pre-requisite to ending the division of the country and restoring a sense of normalcy. The outcome of the audiences foraines will therefore have a direct impact on the next presidential election. The key message we should convey to President Gbagbo on this topic is the importance of addressing the nationality question and the audience foraines process in a serious manner if the next presidential election (which he clearly hopes to win), is to disperse the air of uncertainty that still hovers over Cote d Ivoire. While Gbagbo has derailed earlier audience foraines, he nonetheless wants an election that he can win and that will be certified by the international community to give him much-sought legitimacy. The international community has invested heavily in this country's stability and is eager to see results in the form of steady, measured progress over the next 6-12 months.

Economic Overview

¶7. (C) The lack of a clear resolution to Cote d' Ivoire's political situation has had a predictable negative effect on many parts of the economy. The key issue for the donor community, however, has been the lack of transparency and reluctance of the Gbagbo government to share data regarding revenue from oil and cocoa in particular, and overall government spending. The government's fiscal performance has deteriorated over the past five years due to falling revenue; pressure to increase crisis-related expenditures, such as defense; an eroding tax base, and an increasing lack of transparency in the budget. Spending on health and education fell as a share of GDP while discretionary presidential spending rose and an undetermined percentage of oil revenue has been kept off-budget. While overall fiscal deficits narrowed, domestic and external arrears increased, prompting the World Bank, the IMF and the AfDB to suspend engagement until July 2007 when an arrears clearance package was negotiated, in conjunction with an IFI package for post-conflict and DDR (disarmament, demobilization, and reintegration) assistance. Your visit will be an excellent opportunity to reinforce to the government of Cote d'Ivoire that the USG shares the IFIs and other donors, concerns about the lack of transparency and that we support linking continued assistance to greater transparency.

¶8. (SBU) Economic activity in general remains sluggish and per capita income has slumped. Overall GDP grew by 1.8 percent in 2006, a slight recovery over 2005; growth in 2007 is projected to be 2 percent. This growth can be attributed primarily to higher export earnings from oil and refined products (now \$1.3 billion annually, reasonably steady cocoa revenues (\$1 billion) and proceeds from an expanding telecommunications sector. However, the majority of the population is not better off. Per capita income declined by 0.6 percent in 2005 and 0.7 percent in 2006; a 0.2 percent drop is predicted for 2007. Economic activity in the north of the country remains well below pre-crisis levels. Inflation has not been an issue until recently; the average consumer price rise was about on-half a percent from 2004-2006. Rising oil prices have increased transportation costs and the exchange rate has accelerated in recent months in line with the Euro's appreciation vis-a-vis the dollar.

¶9. (U) The hardships brought on by the division of the country, including food insecurity in the north, triggered a substantial movement of people from north to south; several hundred thousand have been internally displaced since 2002. The result has been a significant increase in poverty. According to World Bank estimates, the poverty level has

ABIDJAN 00001110 003 OF 003

increased 5 percent, from 38.2 percent in 2002 at the onset of the crisis to 43.2 percent in 2006. The absence of a central government public administration severely compromised the delivery of health, education, and other services.

¶10. (SBU) The cotton and cocoa sectors support some 9 million people nearly half the population; cotton output dropped by more than 50 percent since 2000. Cocoa output has remained essentially stable, hovering at the 1 million ton mark since 2000, with a slight dip to 950,000 in the 2002-03 harvest. International industry and Ivorian shipping companies estimate that up to 200,000 tons of cocoa per year have been transshipped through Ghana and Togo to evade artificially low prices since 2000, but those numbers appear to have come down since 2006. Modest improvements in economic activity have been noted since the signature of the OPA, and civil servants are beginning to return but huge challenges loom ahead. Foremost among those will be the government's ability to demonstrate to foreign investors that both political stability and an investor-friendly environment have been restored. It would be helpful for you to highlight in your meetings with President Gbagbo and PM Soro that getting the economic climate right is as critical to

restoring investor confidence as political stability.

Bilateral Assistance and Sanctions

¶11. (C) Cote d' Ivoire has been under Section 508 sanctions since the December 1999 coup that removed Henri Bedie from power. Sanctions were not lifted following the 2000 election due to government interference in the election with the intent of manipulating the results. Cote d' Ivoire was suspended from AGOA benefits on January 1, 2005, due to an Ivorian government decision to violate the UN-monitored cease-fire in November 2004 and lack of progress on key economic reforms. A credible election and substantial progress in meeting IMF/World Bank transparency goals would pave the way for a resumption of aid. In the interim, a very small bilateral assistance program focused on electoral preparation is directed from USAID's West African Regional Program based in Accra.

¶12. (C) One of the few very bright spots in the US-Cote d' Ivoire relationship has been our PEPFAR program. Cote d'Ivoire is one of 15 focus countries that receives funds for HIV/AIDS prevention, education, and treatment; the USG is by far the largest supporter of HIV/AIDS activities in Cote d Ivoire and of the health sector in general. In 2007, the PEPFAR program here received \$85 million; we expect an increase to about \$120 million in FY 08. Ensuring the proper use of these funds is a central focus of our PEPFAR team. We have made remarkable strides in terms of expanding treatment and are working to improve joint efforts with the government of Cote d' Ivoire to tackle ongoing issues with stigma and HIV/AIDS education/prevention activities.

NESBITT